

EUROCHAMBRES Economic Survey 2009: **Stagnation, not resignation!**

EUROCHAMBRES today released the results of its annual Economic Survey (EES), outlining the expectations for 2009 of over 70,000 entrepreneurs from the EU27 and Accession Countries.

All indicators for 2009 register a considerable decline: entrepreneurs' expectations were not met this year, and they consequently adopt a much more cautious view on next year's scenario. In particular, 'business confidence' is negative for the first time in the history of the EES, going down by 11.3 points. Total turnover registers the sharpest drop, with a more marked decrease in domestic sales forecasts than in export sales.

Investment prospects for next year are lower than last year's for 2008, yet investment will not come to a halt, as over half of the respondents anticipate comparable investment levels for 2009. The same applies to employment, where over 60% of respondents anticipate maintaining their work force in the coming year.

SUMMARY OF RESULTS

Business confidence: historic low

For the first time in the history of the EES, more enterprises assess the overall business climate negatively than positively. Yet, 40% of respondents anticipate a stable level of business activity for 2009. The situation in the major European economies varies considerably. In Italy and France, balance figures are still positive, while business confidence is negative in Germany, the UK, Spain and the Netherlands.

Total Turnover: down but still positive

Despite the downturn in the real economy, turnover is the main positive economic indicator, indicating a solid business base. Positive but lower total turnover forecasts are more evident in non-Euro zone countries such as Bulgaria, Poland, Sweden and Romania than in the main economies of the Euro area (Germany and France).

Decreasing domestic sales dampen business optimism

The high expectations for 2008 failed to materialize in the real economy, with the result that many European businesses expect a drop in their domestic sales. A clear distinction emerges between the services and manufacturing sectors. The latter appear more exposed to the general economic slowdown, particularly the housing sectors.

Declining export sales: reversing the trend is the challenge

As far as export is concerned, in hardly any countries the 2008 expectations were met, therefore the 2009 prospects are considerably lower. The global slowdown has caused a general decline in the demand for European goods. Furthermore, European exports to the US have been hit by the continued appreciation of the Euro vis-à-vis the dollar throughout 2008. Interestingly, about 67% of exports of European businesses are within the EU-27.

Employment growth strongly decelerating

Given recent economic developments, entrepreneurs assess next year's situation very cautiously, with a balance figure for employment dropping to its 2002 level. It remains to be seen to what extent the labour markets are going to be affected by the current economic crisis; yet nearly two thirds of surveyed companies believe that they will be able to retain their labour force in 2009.

Investment climate marked by uncertainty

The survey shows that investment prospects for 2009 are still positive, albeit at much lower levels than before. Over half of the surveyed entrepreneurs anticipate their investment levels to remain constant, and one quarter anticipates higher levels. In the Euro zone, investment prospects for 2009 stagnate, and the balance is close to zero. Non Euro zone companies are somewhat more positive, with a balance figure above the survey average.

THE CHAMBER MESSAGE TO THE EUROPEAN COUNCIL

In the light of these findings, Pierre Simon, President of EUROCHAMBRES, commented: *"The situation is serious and we need immediate actions to counter it. In times of economic stagnation, we cannot afford political resignation!"*

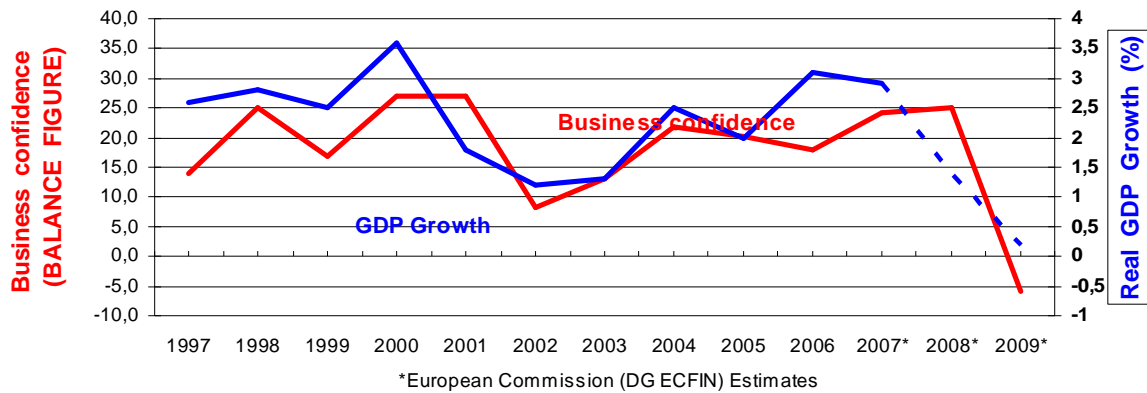
In particular, Chambers urge the European Council on 11-12 December in Brussels to:

- address the needs of small and medium enterprises (SMEs) and unequivocally endorse the Small Business Act;
- extend guarantees for SMEs, and call at the same time for the setup of a European guarantee fund;
- tackle the issue of late payments and push Member States to reduce payment by public administrations to one month;
- speed up the implementation of the services directive and sustain the creation of European centres abroad, to facilitate business access to the internal and foreign markets respectively.

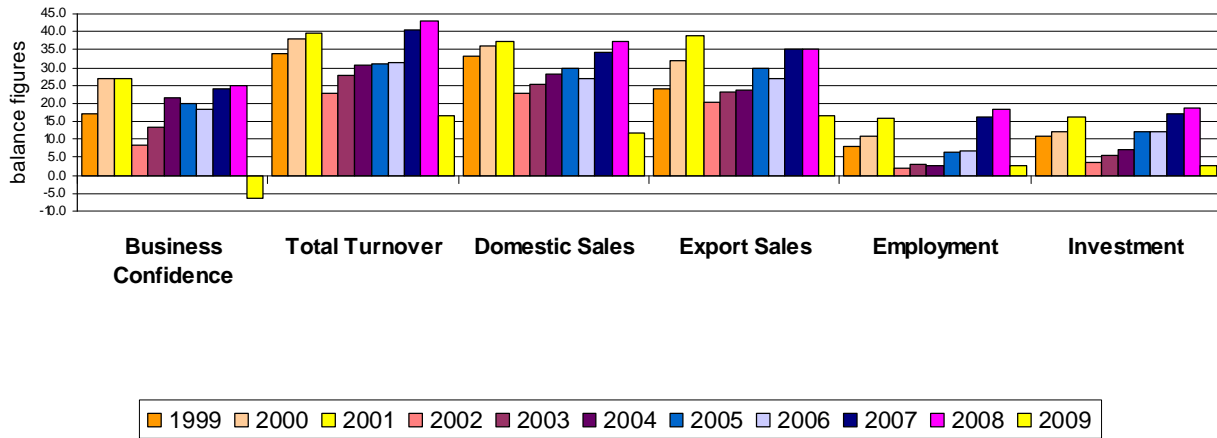
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BUSINESS CONFIDENCE EXPECTATIONS / REAL GDP GROWTH



ECONOMIC INDICATORS FOR 1999 - 2009



The full EUROCHAMBRES Economic Survey can be downloaded from www.eurochambres.eu/content/default.asp?PageID=1&DocID=1473